

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
JULY 19, 2011
7:00 P.M.

TELECONFERENCE NOTICE

***Pursuant to Government Code Section 54953, Subdivision (b), the following Council meeting will include teleconference participation by Councilmember Natarajan from:
303 Salarpuria Aristocracy, 14th Cross Road, J.P. Nagar 1st Phase, Bangalore 560078, India.***

1. CALL TO ORDER

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 Approval of Minutes – for the Joint Council/Redevelopment Agency Special Meeting of February 23, 2010, the Joint Council/Redevelopment Agency Work Session of May 18, 2010, the Regular Meeting of May 25, 2010, November 23, 2010, and February 22, 2011, the Joint Council/Redevelopment Agency Special Meeting of June 14, 2011, the Regular Meeting of June 14, 2011, and June 21, 2011

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS - None

5. OTHER BUSINESS

5.1 Report Out from Closed Session of Any Final Action

5.2 THIRD AMENDMENT TO THE EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY AND BLAKE HUNT VENTURES, INC. AND CENTER STREET HOUSING, LLC

Consideration of Adoption of a Resolution to Execute a Third Amendment to the Exclusive Right to Negotiate Agreement with Blake Hunt Ventures, Inc. and Center Street Housing, LLC, for the Centerville Unified Site within the Centerville Project Area Portion of the Fremont Merged Project Area

Contact Person:

Name:	Clifford Nguyen	Elisa Tierney
Title:	Planner/Project Manager	Redevelopment Agency Director
Dept.:	Housing and Redevelopment	Housing and Redevelopment
Phone:	510-494-4769	510-494-4501
E-Mail:	cnguyen@fremont.gov	etierney@fremont.gov

RECOMMENDATION: Receive staff presentation and progress report and provide input, and approve the Third Amendment to the Exclusive Right to Negotiate Agreement.

6. ADJOURNMENT



**REPORT SECTION
FREMONT REDEVELOPMENT
AGENCY REGULAR MEETING**

JULY 19, 2011

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Executive Summary: On January 25, 2011, the Agency Board approved the Second Amendment to the Exclusive Right to Negotiate Agreement (“ERNA”) with Blake Hunt Ventures (“BHV”) and Center Street Housing, LLC (“CSH”) (collectively referred to as the “Developers”) for the Centerville Unified Site, which extended the period of the Agreement for an additional six months (through July 25, 2011), in order to complete environmental investigation and identify a remediation plan for the site contamination. At the time of approval in January, the Agency Board directed staff to return during the term of the extension and provide an update on development plans and remediation progress. Unfortunately, due to the uncertainty regarding the future of statewide redevelopment, as well as unanticipated delays in determining the extent of the contamination, staff was not able to return earlier. Tonight, staff will provide a progress update, seek feedback from the Agency Board, and request Agency Board approval of a Third Amendment to the Exclusive Right to Negotiate Agreement.

BACKGROUND: In August 2009, the Agency Board and the Developers entered into an ERNA for the Centerville Unified Site. At the end of this seven month period in March 2010, with some milestones still outstanding, the Agency Board authorized the First Amendment to the ERNA, which extended the ERNA period to January 31, 2011. One milestone in the ERNA required the Developers to accept the condition of the property (which the Agency had previously cleaned of all known environmental contamination). Before doing so, however, the Developers requested a new type of analysis – an assessment of potential soil vapor contamination on the property – and upon sampling the soil vapor, multiple samples showed results exceeding recommended levels of contamination. (This contamination is located beneath a former dry cleaner on the northwest corner of the site.)

In October 2010, additional soil vapor samples showed that the plume had migrated to the southwest, south and southeast. This led to the conclusion that the vapors likely originated from an old sanitary sewer pipeline and migrated along the entire length of the pipeline. The oversight agency, the Alameda County Water District (“ACWD”), then requested additional testing to clarify the full extent of the soil vapor plume.

At the time of Agency Board approval of the Second Amendment to the ERNA in January, the six month extension was considered sufficient to complete the soil vapor investigation, identify a Corrective

Action Plan (CAP) for site clean up and obtain ACWD approval, analyze cost of potential remediation options, and determine if the Agency and Developers could achieve a mutually acceptable remediation solution. However, due to the turmoil in redevelopment, as well as additional rounds of testing sought by ACWD, it has taken staff longer than anticipated.

While it is critical to resolve the matter of soil vapor contamination, it is clear that additional time will be necessary to do so. Unfortunately, until now, the presence of this contamination has held up other milestones, most notably, the Developers' requirement to produce a refined site plan, and development and operating pro formas for the proposed development. In turn, completion of these delayed steps is necessary for the Agency to undertake its rigorous due diligence process of cost, retail lease, and apartment rental rate verification, in order to determine the level of warranted subsidy, if any. Staff believes things are now at a point where enough is known about the location of the contamination on site to move forward with refinements of a site plan. Although it will take additional time to obtain ACWD approval of a CAP for closure of the soil vapor issue, staff is recommending that the Agency Board approve an additional 120-day extension of the ERNA (to November 30, 2011) to seek such ACWD approval and produce and verify a refined site plan and financials.

Tonight, staff will provide an update on site plan revisions and other work undertaken by the Developers. Subsequent to this, and after discussion with the Agency Board, staff will seek approval of a Third Amendment to the ERNA, in order to complete the remaining ERNA deliverables (e.g., submittal of a refined proposal which includes engineered site plans, a retail tenancing strategy, detailed financial pro forma and financing plan and schedule, as well as additional community meetings) and continue working towards regulatory agency (ACWD) approval of a CAP. This additional time will allow staff to complete its evaluation of the overall financial impact of the recently enacted redevelopment legislation, the Agency's ability to fund priority projects and activities, and determine whether or not a workable deal can be achieved and whether the Agency Board will eventually consider approval of a Disposition and Development Agreement.

DISCUSSION/ANALYSIS: Pursuant to the ERNA, Agency staff and the Developers have devoted the last six months to the following activities:

- Environmental Remediation: As mentioned earlier, ACWD, the current oversight agency, requested additional testing to further characterize the extent of the soil vapor contamination. In March 2011, additional investigation was undertaken. The results of the 30-foot depth vapor samples showed that the plume had extended beyond the previous delineation. This is because more permeable sandy soils underlay the upper level's less permeable shallow clayey soils closer to the surface. The approach taken to determine the boundaries of the contamination (in collaboration with ACWD) has been to test in ever-widening circles rather than a comprehensive testing of the entire site, which would save time but dramatically increase cost. When ACWD required further characterization, 24 additional soil-vapor borings were taken in late April and early May, and preliminary results indicated that the vertical and lateral extent of the plume were sufficiently defined.

On July 7, 2011, staff met with ACWD to discuss the results of the 24 additional soil-vapor borings. Staff sought their concurrence to proceed forward towards preparation of a Corrective Action Plan (CAP). However, at the meeting, ACWD advised staff that it had preliminarily

concluded that further investigation would probably be necessary. As a result, preparation of a CAP to provide options to remediate the environmental contamination has been delayed.

Currently, staff and the environmental consultant are considering this advisory and will be working on a response to address ACWD's concern. This may include further testing for soil-vapors or completion of environmental modeling using evidence and data already obtained from soil-vapor borings performed to confirm whether the plume has been appropriately and sufficiently characterized. Staff is unable to provide a completion time on this work, but every effort will be made to progress towards acceptance of a CAP to clean up the site.

- Current Conceptual Site Plan: The Developers have spent considerable time on project refinements and are now proposing revisions to the previously-approved development plan (188 rental residential units and 26,700 square feet of retail). In the most recently updated conceptual plan, the Developers propose 234 residential units (an increase of 46 units) and approximately 30,300 square feet of retail (an increase of 3,600 square feet) in buildings of three to four stories in height. While this conceptual plan retains many of the basic attributes and components of the original plan previously seen by the Agency Board, including a through street and vertical mixed-use buildings, the revised plan attempts to accomplish the following improvements:
 - Improve circulation, increase parking, and provide for further separation from the historic cemetery with modifications to the circulation system and siting of buildings.
 - Relocate the resident swimming pool to the interior alcove of the largest Building 1 for increased privacy (previously it was adjacent to the through street), thereby furthering the goal of site and building orientation enhancement of the public space character or "urban street" feel with buildings closer to the street.
 - Address public safety design concerns, particularly for emergency response and access to all buildings with appropriate setbacks from streets to provide sufficient fire apparatus accessibility.
 - Maintain Fremont Boulevard's street character to include siting of three, three-story buildings with additional retail along the ground floor level.
 - Provide a development of distinction not only by high-quality architecture but also creating enhanced plazas, a through street ("Artist Walk"), and designating a portion of an interior space located in Building 1 for rotating community art exhibits, cultural displays, and small presentations/music events for the broader Centerville community.

The latest design configuration includes five main mixed-use structures (2 less than the previous plan), with two larger structures at the rear towards Post Street on podiums with semi-subsurface garages. A total of 469 total parking spaces are proposed, including 308 open ground-level spaces, 111 covered garage spaces, and 50 on-street spaces created along the project's frontage along Post Street and Fremont Boulevard.

One concept that has been discussed is the inclusion of an area within the southern corner of the site (next to Taco Bell/Pizza Hut) for the possibility of a future City-developed parking structure. This concept would mean the area would initially be built with surface parking. It would also require the elimination of a building on Fremont Boulevard. While other options for a future public parking garage structure at the project site have not been explored, staff believes that it

may be difficult to set aside an area for such a structure if the building layout and type (podium design) remain unchanged.

Staff is of the opinion that the Developers have been refining their plans in good faith in response to key design concerns provided over the last six months. If the Agency Board chooses to grant the Third Amendment as recommended, staff will continue to work closely with the Developers on further plan refinements and to ensure design compliance with applicable zoning, building and other development requirements and codes.

- Architectural Style/Elements: The Developers have presented architectural renderings with a design that enhances the pedestrian feel of the retail buildings on the ground floor Fremont Boulevard frontage, while recognizing the urban nature of the residential units in the context of the close proximity to transit and to the Centerville downtown core. The modern-looking appearance of the design in the current proposed plan reinforces the retail presence along Fremont Boulevard, as well as the commercial and live-work units along the interior through street. Overall, the building massing is proposed to be broken up through the incorporation of a strong but differentiated building base with distinct vertical design elements that carry through the building elevations and help distinguish store fronts. Buildings are further articulated with recessed balconies for the residential component and include smaller rather than larger roof forms to reduce perceived scale of the buildings and breakup otherwise long expansive rooflines. To create attractive, well-proportioned buildings, taller massing is applied to define significant building features, such as corners and terminus points. Lastly, architectural detailing applied to define appropriate character and quality include eave details (exposed rafters), variation in cladding material (stone or brick typically at base, and stucco), metal balcony railings and awnings, and a contemporary storefront glazing system.
- Next Steps: While staff is unable to definitively determine when resolution can be reached on the environmental work, as previously mentioned, staff believes that the limits of the environmental contamination onsite have been sufficiently located to move forward with preparation of a refined site plan, a revised pro forma, and a revised term sheet within the next 120 days should the Agency Board approve the Third Amendment allowing the extension. In summary, the following schedule may be attainable within that 120-day period (by November 30, 2011):
 - End of August: Developers submit refined development plan, revised pro forma, and revised term sheet.
 - End of September: Staff response to items submitted at end of August.
 - Middle of October: Developers make final adjustments to development plan, pro forma, and term sheet.
 - End of October: Staff response to final adjustments, additional changes requested or agreement reached to progress forward to DDA.
 - November 15: Report findings to Agency Board whether to proceed with DDA.

Staff will continue to work with ACWD on the environmental issues associated with the site and will provide the Agency Board an update on progress at tonight's hearing and in November.

FISCAL IMPACT: There is no fiscal impact at this time.

ENVIRONMENTAL REVIEW: The ERNA (including the proposed Third Amendment) is only an agreement to study and negotiate for terms and conditions, does not lead to construction, and does not trigger CEQA compliance. The process of environmental review will be a required part of the process for entitlement and approval.

ENCLOSURE: [Draft Resolution](#)
 [Draft ERNA Third Amendment](#)
 [Site Plan and Elevations](#)

RECOMMENDATION: Receive staff presentation and progress report and provide input, and approve the Third Amendment to the Exclusive Right to Negotiate Agreement.